



Treasury Financial Manual

Chapter 9000

Stored Value Cards (SVCs)

This chapter provides the policies and procedures governing authorized Federal agencies' use of Stored Value Cards (SVCs), sometimes known as "smart cards," to electronically disburse or otherwise transfer funds. It describes:

- **The different types of SVCs administered by the U.S. Department of the Treasury (Treasury), Bureau of the Fiscal Service (Fiscal Service);**
- **How Federal agencies implement and participate in an SVC program;**
- **A participating Federal agency's responsibilities in managing an SVC program;**

AND

- **Treasury's responsibilities in managing an SVC program.**

SVCs subject to this chapter include SVCs issued in programs used to support U.S. government operations domestically and overseas, including "EagleCash[®]," "EZpay," "Navy Cash[®]," "Marine Cash[®]," and other similar programs. Typically, SVCs are used in closed environments.

Section 9010—Background

An SVC is a smart card capable of storing electronic monetary value on the card's embedded computer chip. In some cases, an SVC also contains a branded debit card feature to process retail transactions or allow the SVC holder to obtain cash at an automated teller machine (ATM) outside the closed environment of the SVC program. Federal agencies may issue SVCs capable of having value added on either a "reloadable" or "non-reloadable" basis. Once issued, Federal agencies and authorized cardholders may add value to reloadable cards via encrypted hardware devices assigned to an agency office or installation. As the SVC cardholder adds value to the card, or spends or transfers the value on the card via SVC hardware devices located at retailers or other SVC program locations, the SVC balance changes reflecting the amount spent or transferred to or from the card's value.

Treasury, typically in partnership with federal agencies such as DOD, provides SVC to agencies to disburse, transfer, and otherwise manage funds in a variety of closed environments. For example, the Departments of the Army and Air Force, and U.S. Marine Corps use the EZPay SVC to provide recruits at military training sites with a pay advance to purchase supplies and services required during military training at the merchant locations on base. The U.S. military uses EagleCash[®] at bases around the world as the

standard means for deployed soldiers, civilians, and contractors to facilitate the movement of funds to and from an SVC holder's domestic bank account, convert foreign currency, or otherwise obtain needed funds. The Navy Cash[®] card service is used to replace coins and currency on-board ships, and, because it is a branded debit card, it allows SVC holders to make purchases at merchants who accept the appropriate network(s)' PIN-based branded debit cards or obtain cash from ATMs that accept branded debit cards when ashore.

A Treasury-designated agent holds the funds for an SVC program in an account established and maintained by Treasury, sometimes referred to as a "pooled" account or "funds pool."

Section 9015—Authority

Treasury designates financial institutions and Federal Reserve Banks (FRBs) to act as depositaries of public monies and financial or fiscal agents for SVC programs pursuant to 12 U.S.C. §§ 90, 265, 266, 391, 1434, 1464(k), and other applicable laws. Treasury designates depositaries of monies pursuant to 31 U.S.C. § 3303 and 31 CFR Part 202. Treasury-designated financial and fiscal agents may perform reasonable duties as required by Treasury.

Federal agencies are required to deposit funds in the Treasury or with a Treasury-designated depository, pursuant to 31 U.S.C. § 3302(c)(1). See TFM Volume I, Part 5, Chapter 4100, Section 4120. Treasury disburses Federal payments pursuant to 31 U.S.C. §§ 3321, 3322, 3327, and 3332.

Section 9020—Definitions

The following terms are defined for the purposes of this chapter:

Agency—Any department, agency, independent establishment, board, office, commission, or other establishment in the executive, legislative (except the U.S. Senate and House of Representatives), or judicial branch of the Federal Government; any wholly owned or controlled Government corporation; and the municipal government of the District of Columbia.

Agreement—A written agreement between two or more Federal agencies to document the parties' understanding of their respective roles and responsibilities in connection with a Federal program or project. The agreement may take the form of an Agency Participation Agreement, Interagency Agreement, Memorandum of Agreement, Memorandum of Understanding or other similar document.

Automated Clearing House (ACH)—An electronic funds network that processes electronic fund transfers. The SVC programs use the ACH network used to process electronic fund transfers to or from the pertinent SVC program's underlying funds pool to or from an external bank or other financial account.

Automated Teller Machine (ATM)—An unattended electronic machine, typically located in a public place, connected to a data system and related equipment that is activated by an SVC cardholder to obtain cash withdrawals and other banking services.

Card Acceptance Device (CAD)—A device that accepts SVCs and can be attached to equipment such as vending machines.

Cardholder or Holder—The individual or entity that is entitled to use an activated SVC.

Financial Agent—A commercial financial institution designated by Treasury to provide certain types of financial services for the Federal Government in accordance with applicable Federal law.

Bureau of the Fiscal Service (Fiscal Service)—A Treasury bureau.

Fiscal Agent—A Federal Reserve Bank (FRB) designated by Treasury to provide certain types of financial services for the Federal Government in accordance with applicable Federal law.

Funds Pool—The funds representing the value loaded on all issued SVCs in an SVC program. Treasury-designated financial agents hold SVC funds pools in an account established and maintained by Treasury.

Kiosk—An unattended, electronic, cashless, ATM-like device located on a site with controlled access. The kiosk enables an SVC holder to transfer funds from a holder's SVC to another eligible SVC, view the SVC's recent transaction history, or change the holder's personal identification number (PIN). The Kiosk also may allow some SVC holders to securely credit or debit funds from his or her U.S.-based accounts at an external financial institution.

Load—Adding financial value to an SVC. SVC holders may load value to an SVC using cash, checks, pay advances, electronic funds transfer (EFT), and automated clearinghouse (ACH) transactions.

Non-Reloadable SVC—An SVC that is pre-loaded with value prior to issuance to the cardholder, and then activated upon issuance. Once the value of the card is spent, the SVC cannot be reloaded and, therefore, is considered disposable.

Personal Identification Number (PIN)—A type of password that is used by SVC holders to gain access to their funds or transaction and balance information.

Point-of-Sale (POS) Terminal—The electronic device capable of accepting an SVC for payment of a retail transaction.

Reloadable SVC—An SVC that can accept additional financial value after the SVC is issued.

Residual Value or Residual Funds—The value remaining on an SVC at card expiration that has not been returned to the SVC holder.

Stored Value Card (SVC)—A smart card capable of storing electronic monetary value on the card's embedded computer chip (see Section 9010).

Unclaimed Funds or Balances—Residual Funds that have not been returned to the cardholder for any reason, including but not limited to the inability to locate the cardholder, the cardholder's failure to fully unload his/her card prior to expiration, or other reasons.

Unload—To exchange or transfer value from an SVC in any manner. SVC holders may unload value from an SVC in exchange for cash, checks, via EFT and ACH transactions, or through purchases or intercard transfers.

Section 9025—Policy, Benefits, and Use

SVC programs further the Federal Government's goals to provide timely, efficient, and accurate disbursement and collection services in a secure and convenient way.

To further the goals of the EFT legislation included in the Debt Collection Improvement Act of 1996, Federal agencies should use SVCs or some other electronic payment mechanism, whenever feasible, to replace or minimize the transfer and disbursement of funds using cash, paper checks, third-party drafts, imprest funds, or other non-electronic payment mechanisms. SVC programs are especially appropriate when alternative electronic mechanisms are not available. They reduce the use of cash and checks in contingency areas of operation where access to online commercial payment and collection systems is limited or nonexistent, or can provide an advance of pay to support military training. SVC programs improve an Agency's financial controls and cash management capabilities, streamline administrative processes, and provide SVC holders with convenient access to their funds. SVCs may be used to:

- Provide immediate availability of funds to SVC holders, both domestically and abroad;
- Provide SVC holders with convenient, safe access to funds, as well as the ability to use their funds at the numerous places where SVCs are accepted;
- Eliminate interchange fees for transactions, thereby resulting in lowered costs for merchants and cardholders;
- Minimize new trainee recruit processing time by the military;
- Reduce the cost of securing, transporting, and accounting for cash;
- Supplant the use of U.S. currency overseas under certain conditions as determined by the Treasury and the Agency;
- Provide a fully auditable accounting trail for financial transactions;
- Reduce manually intensive back-end processes associated with scrip, vouchers, meal tickets, money orders, traveler's checks, and other non-electronic payment mechanisms;

AND

- Reduce exposure to risk of theft and loss of funds.

An Agency should contact Treasury (see Contacts below) to discuss whether or not its funds transfer and other financial transaction processes could be improved by using SVCs. If so, Treasury and the Agency can determine the type of SVC program that would best meet the Agency's needs and the needs of the Agency's constituents.

Section 9030—Procedures for Agency Implementation of an SVC Program

Each Agency determines, in consultation with Treasury (see Contacts below), the funds transfer and/or other financial transaction processes for which an SVC program would be appropriate and the type of SVC

that would best meet the Agency's needs and the needs of the Agency's constituents. To implement an SVC program for any of its funds transfer or financial transaction processes, an Agency must:

- Enter into an agreement with Treasury. The agreement will describe the terms of the Agency's implementation of an SVC program and the respective responsibilities of the Agency and Treasury for operation of the program, as described in this chapter. In addition, the agreement will specify the type of program and SVC(s) the Agency will implement, the Agency's funding schedule, and the fees and costs to be paid by the Agency and Treasury;
- Designate an SVC project manager (see subsection 9035.10);
- Designate accountable officers (see subsection 9035.20);
- Establish how the Agency will implement its SVC program (see Section 9040);
- Establish a funding system by which the Agency will deposit funds in an account(s) at a Treasury-designated financial institution (that is, a Treasury-designated depository and financial agent) to fund all SVCs issued (see subsection 9040.40).

Section 9035—SVC Project Manager and Accountable Officers

9035.10—SVC Project Manager

Before implementing an SVC program, the Agency must designate an SVC project manager.

The SVC project manager must manage the SVC program and the activities described in this chapter in accordance with the:

- Agreement between Treasury and the Agency;
- SVC Standard Operating Procedures (SOPs) and other instructional documents;

AND

- Program-specific policies and procedures developed by the Agency in consultation with Treasury.

The SVC project manager:

- Acts as the Agency's liaison among Treasury, the Agency, and other interested stakeholders;
- Provides full support for the SVC program within the Agency;
- Develops and obtains Agency approval for the concept of operation and other related plans for the implementation of the SVC program for the Agency;
- Obtains and maintains the Security Assessment and Authorization (SA&A), Authority to Operate (ATO), or similar approval for the SVC program to access the Agency's computer networks so

that the SVC program can be deployed and operate as designed;

- Secures Agency funding approvals necessary for the SVC program;
- Coordinates the Agency's implementation of the SVC program;
- Oversees and obtains Agency approvals for changes to the program;
- Transfers sufficient funds to Treasury, or its financial or fiscal agent, to ensure full funding for the Agency's obligations with respect to outstanding SVCs, in accordance with any applicable interagency agreements;
- Maintains accurate up-to-date lists of accountable officers;

AND

- Along with the Agency's accountable officers, complies with other SVC program policies and procedures as described in the agreement, SOPs, and other SVC instructional documents.

The Agency must specifically identify the tasks for which the SVC project manager is responsible in the agreement between Treasury and the Agency.

9035.20—SVC Accountable Officers

Before implementing an SVC program, the Agency must designate one or more accountable officers.

The SVC accountable officers must manage the SVC program and the activities described in this chapter in accordance with the:

- Agreement between Treasury and the Agency;
- SVC standard operating procedures (SOPs) and other instructional documents;

AND

- Program-specific policies and procedures developed by the Agency in consultation with Treasury.

Specifically, the SVC accountable officers:

- May issue SVCs and PINs to cardholders;
- Ensure that all enrollment processes are followed when issuing SVCs and PINs to cardholders;
- Account for outstanding SVCs and the funds associated with each SVC, to the extent the SVCs and funds are within the control of the Agency. These duties include but are not limited to accounting for funds loaded onto accountable official and other Agency cards that are used in the accountable official's area of responsibility and assisting in the collection of cardholders' negative balances while a cardholder is in the accountable official's area of responsibility;

- Provide instructions to Treasury's financial or fiscal agent as to the proper allocation of funds among the SVCs that are issued, by account number and, where feasible, cardholder name;
- Maintain accurate, up-to-date inventories of SVC program hardware and equipment, including POS terminals, laptops, kiosks, CADs, SVCs, and other items associated with the SVC program that are delivered to Agency locations;
- Safeguard SVCs as sensitive items, to the extent the SVCs are within the control of the Agency (the Agency is accountable for SVCs issued by the Agency at SVC-issuance locations);

AND

- Along with the SVC project manager, comply with other SVC program policies and procedures as described in the agreement, SOPs, and other SVC instructional documents.

The Agency must specifically identify the tasks for which each accountable officer is responsible. The Agency should segregate the duties appropriately in accordance with the Agency's policies and procedures.

As applicable and appropriate, accountable officers are responsible for the duties and responsibilities of a certifying official or a disbursing official (see TFM Volume I, Part 4A, Chapter 3000), depending upon the designation of the accountable officer, as set forth in 31 U.S.C. §§ 3322 (disbursing officials), 3325 (vouchers), 3528 (certifying officials), and other applicable laws.

Section 9040—Agency and Treasury Responsibilities in Managing an SVC Program

9040.10—Agency Responsibilities

Each Agency must manage its own participation in a Treasury SVC program in accordance with the requirements of applicable Federal law, this chapter, the agreement between Fiscal Service and the Agency (see section 9030), SVC policies, and other governing documents, for example, SOPs. For any given SVC program, an Agency may elect to distribute SVCs and PINs directly to its cardholders or, alternatively, may ask Treasury to direct Treasury's financial or fiscal agent to distribute the SVCs and PINs directly to cardholders, as approved by the Agency. In managing an SVC program in accordance with the agreement, SVC governing documents, and Agency-specific procedures, the Agency:

- Trains Agency employees on proper implementation and management of the Agency's participation in a Treasury SVC program;
- Maintains full accountability of any SVC equipment in their inventory;
- Manages the SVC equipment, inventory and distribution of SVCs to authorized SVC cardholders, except as these duties may be performed by a Treasury-designated financial or fiscal agent at Treasury's direction;
- Uses the required SVC equipment as designated by Treasury or its financial or fiscal agent;
- Complies with SVC enrollment processes, including the timely, accurate transmittal of required enrollment information and documentation to Treasury-designated financial or fiscal agents, as

applicable;

- Ensures the proper maintenance of SVC program hardware and equipment, including POS terminals, laptops, kiosks, CADs, SVCs, and other items associated with the SVC program that are delivered to Agency locations;
- Fully supports any updates to SVC hardware, software, and related equipment;
- Provides communication protocols for kiosks and other SVC devices;
- Protects the confidentiality of any Privacy Act, confidential, or nonpublic information provided to the Agency in connection with an SVC program, when the data is within the Agency's custody or control;
- Complies with Treasury's and the Agency's security and internal control procedures, including but not limited to procedures with respect to lost or stolen SVCs (see subsection 9040.30);
- Manages the Agency-specific software and hardware certification process;
- Funds the SVCs (see subsection 9040.40);
- Provides SVC cardholders with all disclosures, agreements, instructions, and other communications required by Federal laws, regulations, policies, and procedures (see subsection 9040.50), and makes necessary adjustments as these requirements change;
- Properly accounts for and reports the funds allocated to SVCs (see Section 9050);
- Ensures the timely and accurate transmittal of transaction processing files from SVC devices (e.g., laptops, POS terminals, CADs, and kiosks) to Treasury-designated financial or fiscal agents, as applicable;
- Pays fees associated with the Agency's implementation of the SVC program (see Section 9060);
- Aggressively investigates and prosecutes (or assists in investigations and prosecutions of) end-user theft, fraud, unauthorized use, or other improper use of the SVC service that occurs in Agency areas of operation and assists in obtaining restitution for the party suffering the loss;
- Compensates the SVC funds pool for losses that result from theft, fraud, unauthorized use, or other improper use of SVC equipment or resources for which the Agency is responsible, unless the funds pool has been reimbursed from other sources or Treasury determines that such compensation is unnecessary or does not serve the SVC program's best interests;
- Maintains responsibility for all Agency and accountable officer SVC functions performed by the Agency's contractors (if any). These duties may include, but are not limited to, back-office functions (e.g., obtaining an ATO, generating Agency documentation for interagency meetings, etc.) and customer-facing functions (e.g., disbursing/finance office functions, etc.) that the Agency allows a contractor to perform;
- Ensures appropriate anti-money laundering controls and procedures are in place in order to

document the flows of monies onto or off of the card (at Agency locations);

AND

- Assists Treasury with efforts to collect unpaid balances owed to the funds pool by merchants, SVC holders, and other SVC program participants (other than losses as a result of theft, fraud, or unauthorized use of an SVC). Collection efforts include, but are not limited to, contacting the cardholder, processing wage offsets and other collection activities.

Treasury, in consultation with the Agency and as described in the agreement or other governing documents (for example, SOPs), assigns other responsibilities to the Agency as necessary or desirable for a particular SVC program.

9040.20— Treasury Responsibilities

Treasury, either directly or through its designated financial or fiscal agent, assists an Agency with the implementation and operation of the SVC program(s) for the Agency. In accordance with the agreement and SVC governing documents, Treasury:

- Designates official and up-to-date points of contact for operations at Treasury and its designated financial or fiscal agents;
- Designates and compensates a financial or fiscal agent to operate the SVC program and manage the SVC funds pool(s);
- Manages the proper distribution of, and accounting for, SVC program funds pools, including residual funds on expired SVCs (see subsection 9040.60);
- Trains Agency personnel on the operation of the SVC program and systems;
- Provides customer service to the Agency with respect to the use of SVCs, SVC software, and its systems;
- Provides customer service to all SVC cardholders;
- Provides financial and other reports on the SVC cards, transactions, and settlement activity;
- Provides SVC hardware and card stock to the Agency;
- Protects the confidentiality of any Privacy Act, confidential, or nonpublic information in connection with an SVC program, when the data is within the custody or control of Treasury or Treasury's financial or fiscal agent;
- Provides the Agency with the disclosures and other SVC program information that the Agency must provide to the SVC holders;
- Provides a mechanism to transfer funds associated with the SVC program;
- Provides marketing services;

- Assists with the deployment of the SVC program at locations determined by the Agency in consultation with Treasury;
- Provides hardware delivery tracking reports, which contain information about SVC program hardware shipped to and from Agency locations;
- Provides timely expense reports and invoices for fees and costs incurred by the Agency;
- Assists with the efforts of the Agency and law enforcement officials to investigate and prosecute cases of waste, fraud, or abuse within the SVC program, and to collect restitution for the funds pool when such restitution is available;
- Provides SVC software and documentation to the Agency, as necessary to implement and manage the SVC program;
- Establishes a formal process to implement and manage software and other technical changes to the SVC program;
- Provides software and hardware upgrades and enhancements through the Treasury-established change management process;
- Files a Suspicious Activity Report (SAR) with appropriate regulators and notifies law enforcement when there is evidence that the card is being used for an unauthorized purpose, such as money laundering or as a vehicle to commit a financial crime;

AND

- Assists Agency in certifying the SVC software as required by the Agency-specific hardware and software certification program.

9040.30—Security and Internal Controls

The Agency must establish and implement policies governing security and internal controls with respect to its SVC program in conformance with Governmentwide and Treasury policies and procedures. The Agency must establish and implement controls to protect against:

- Loss, theft, and fraudulent or unauthorized use of SVC equipment, card stock inventories, preprinted forms, and other items used to access SVC systems, when such items are within the custody and control of the Agency;
- Loss, theft, and fraudulent or unauthorized disclosure of PINs, when PINs are within the custody and control of the Agency;
- Loss, theft, and fraudulent or unauthorized use of SVCs and SVC hardware in the custody and control of the Agency or its contractors;
- Illegal use of the card as a money-laundering vehicle;
- Fraudulent or unauthorized use of online or offline SVC software under its control;

AND

- Other losses caused by theft or fraudulent or unauthorized activities in the Agency's implementation of the SVC program.

The Agency's procedures must include a process for promptly reporting, and for educating SVC holders on how to promptly report, to Treasury or Treasury's financial or fiscal agent any loss, theft, or fraudulent or unauthorized use of SVC cards, PINs, passwords, or other security breach or malfunction involving the SVC program.

The Agency must implement an internal audit process to review and recommend internal controls and safeguards with respect to its SVC program in conformance with Governmentwide and the minimum Treasury policies and procedures. Periodically, Treasury and the Agency review and update the criteria upon which the audit reviews are based.

9040.40—Funding SVCs

Each Agency is responsible for fully funding the SVC funds pool for the total value of SVCs issued or loaded by the Agency or Treasury's financial or fiscal agents, in accordance with the agreement between the agencies or other governing documents (for example, SOPs) for the Agency's implementation of the SVC program(s). For value loaded into the SVC program by SVC cardholders at kiosks, the Agency and Treasury work collaboratively to ensure full collection from the SVC holder (see Section 9030 for information on the MOU).

9040.50—Disclosure

The Agency must provide SVC cardholders with all necessary disclosures as required by law, including but not limited to, disclosures required by Regulation E (12 CFR 1005), if applicable, and as provided to the Agency by Treasury. Among other things, the disclosures address the SVC cardholders' responsibilities for protecting the SVC and mitigating damages from loss, theft, and fraudulent or unauthorized use of the SVC. The Agency must obtain the necessary authorizations from the SVC cardholder, must provide any necessary disclosures, and must facilitate the collection of monies owed to the SVC funds pool by the SVC cardholder at any time after activation of the SVC. The Agency should consult with the Agency's legal counsel to determine any Agency-specific disclosure requirements associated with a particular SVC program. Treasury and its financial or fiscal agent must review any SVC program disclosures or other forms prepared by an Agency before being disseminated.

9040.60—Residual Funds (Escheat)

Unclaimed balances on an SVC at expiration are identified as residual funds and, if possible, are returned to the cardholder systematically by Treasury's designated financial or fiscal agent. If systematic return is not possible, the Agency and Treasury initiate good faith efforts to locate and return residual funds greater than \$10 to the authorized SVC cardholder. Should systematic or good faith return not be possible, residual funds greater than one year old are transferred to the Treasury trust fund receipt account "Unclaimed Moneys of Individuals Whose Whereabouts are Unknown" (see 31 U.S.C. § 1322) to be claimed with supporting documentation by contacting Treasury (see Contacts below). Refer to TFM Volume I, Part 6, Chapter 3000, for additional guidance on residual funds.

Section 9050—Accounting Requirements

Treasury, either directly or through its designated financial or fiscal agents, maintains source data to support each SVC transaction and program expense element. Agencies comply with Treasury's applicable accounting requirements with respect to the disbursement and transfer of funds in the SVC program. For example, see, TFM, Volume I, Part 2, Chapter 3400 regarding requirements for accounting for and reporting on cash held outside of Treasury.

Section 9060—Payment of SVC Program Costs and Fees

Agencies and Treasury pay SVC program fees and costs as described in the agreement between the agencies (see Section 9030) or otherwise agreed upon in writing, in accordance with Federal laws, regulations, and policies. Generally, the Agency funds the costs of cards, card readers, hardware and software installation, certain software development, Agency-specific SA&A, ATO (or other similar process), program deployment, marketing materials, and marketing peripherals. Treasury generally funds settlement, transaction processing, customer service, standard software development, reporting, program management, and Treasury certification and accreditation costs. The Agency and Treasury will execute an agreement to effect the payment of these costs and fees.

The Agency will pay these costs and fees to Treasury promptly when due.

Contacts

Direct inquiries concerning this chapter and stored value card programs to:

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For additional information on SVCs, visit the following Web sites:

<http://www.fiscal.treasury.gov/>

<http://www.fms.treas.gov/storedvalue/index.html>

<http://www.fms.treas.gov/ezpay/index.html>

<http://www.fms.treas.gov/eaglecash/index.html>

<http://www.fms.treas.gov/navycash/index.html>

For additional guidance for SVC programs used by the U.S. military:

See Department of Defense's Financial Management Regulation (DoD FMR) at:

<http://comptroller.defense.gov/fmr>